

GLOBAL & REGIONAL DAILY

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Global markets

The Eurozone composite PMI rose from January's 50.3 to a nine-month high of 52.3 in February, driven by a significant acceleration in the services PMI, that more than offset a drop in the manufacturing PMI. Meanwhile, both input and output price inflation continued to ease but at a slower pace, reinforcing expectations of further significant ECB rate tightening ahead. US PMIs for February also surprised positively, as the composite index moved back into expansionary territory (to 50.2 from 46.8) thanks to a significant improvement in services, supporting the view that the Fed will push rates higher and will keep restrictive policy for longer. That said, markets are currently pricing in 120bps of additional ECB rate tightening that would take the terminal deposit rate at 3.70% at the October meeting, while fed fund futures for July point to a terminal rate at 5.35%. Major bond markets came under sizeable selling pressure, Asian equity markets ended lower today, while the USD retained a firm tone, also supported by geopolitical tensions.

Greece

Tourist revenues boosted foreign demand for domestically produced services in 2022. Indirectly, they also supported the sector of goods. According to the detailed balance of travel services published yesterday by the Bank of Greece (BoG), travel receipts (including cruises) in current prices increased by 67.9% YoY in 2022, reaching a level of €17.6bn, lower by 3.0% relative to the pre-pandemic year of 2019. Inbound traveller flows despite the missing markets of Russia, Ukraine and China nearly doubled to 27.8mn visitors (89.3% YoY), nevertheless remained lower by 11.2% compared to 2019. The divergence between the recovery of travel receipts (a nominal variable) and the rebound of inbound traveller flows (a real variable) is explained, partially at least, by the rise of the inflation rate in 2022 (9.3% YoY from 0.6% YoY in 2021). Finally, the average non-resident expenditure per trip in Greece stood at €618.8 in 2022 from €702.4, €584.4 and €564.0 in 2021, 2020 and 2019 respectively,

CESEE

In Poland, signs of further weakening in economic activity in Q1 2023 relative to Q4 2022. Retail sales at constant prices declined in January on an annual basis for the first time since Feb-21, by 0.3%. The fall came mainly from sales of solid, liquid, and gaseous fuels (-12.3%YoY) and food, beverages and tobacco products (-1.7%YoY). Furthermore, seasonally adjusted construction output marginally contracted in January compared to the same month a year ago (-0.1%), after a 6.1%YoY rise in Dec-22, as the decline in building construction widened from 3.7%YoY in the latter period to 10.7%YoY in early 2023. Last, seasonally adjusted industrial output growth significantly decelerated at the beginning of 2023, to 0.3%YoY from 5.6%YoY in Dec-22, the lowest increase since Jul-20. The slowdown came exclusively from production in manufacturing, as mining-quarrying and utility output recovered.

Contributing Authors:

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Dr.Stylios Gogos
Research Economist
sgogos@eurobank.gr

Michail Vassileiadis
Research Economist
mvasileiadis@eurobank.gr

Research Team



Dr. Tasos Anastasatos | Group Chief Economist
tanastasatos@eurobank.gr | + 30 214 40 59 706



Dr. Dimitris Exadaktylos
Economic Analyst
v-dexadaktylos@eurobank.gr
+ 30 214 40 63 449



Dr. Stylianos Gogos
Research Economist
sgogos@eurobank.gr
+ 30 214 40 63 456



Maria Kasola
Research Economist
mkasola@eurobank.gr
+ 30 214 40 63 453



Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr
+ 30 214 40 63 455



Dr. Theodoros Rapanos
Research Economist
trapanos@eurobank.gr
+ 30 214 40 59 711



Dr. Theodoros Stamatou
Senior Economist
tstamatou@eurobank.gr
+ 30 214 40 59 708



Michail Vassileiadis
Research Economist
mvassileiadis@eurobank.gr
+ 30 214 40 59 709

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